

## Message Text

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21

ACTION EUR-12

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FM AMCONSUL MILAN

TO SECSTATE WASHDC 4489

INFO AMEMBASSY ROME

AMCONSUL NAPLES

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E.O. 11652: N/A

TAGS: EGEN, PINT, IT

SUBJECT: CABLE FROM LECCO

1. LECCO IS A SMALL, PROSPEROUS INDUSTRIAL TOWN IN THE PROVINCE OF COMO THAT WOULD JUST AS SOON HAVE THE MAINSTREAM PASS IT BY, IN MORE WAYS THAN ONE. IMPORTANT AS A CHECKPOINT ON THE PO VALLEY ECONOMY IT SEEMS LITTLE TOUCHED BY THE CURRENT RECESSION. AS A TRADITIONAL CATHOLIC STRONGHOLD, SCENE OF MANZONI'S GREAT 19TH CENTURY NOVEL, THE DC STILL RUNS THE TOWN AND EXPECTS TO CONTINUE TO DO SO DESPITE SOCIALIST AND COMMUNIST GAINS.

2. AN ANCIENT METALWORKING CENTER OF 55,000 (40 PERCENT OF ITS WORKFORCE LIVES OUTSIDE THE TOWN) AT THE SOUTHEASTERN TIP OF LAKE COMO AN HOUR FROM MILAN, LECCO IS SURVIVING THE CURRENT ECONOMIC DOWNTURN WITHOUT PAIN. SEVENTY PERCENT OF ITS INDUSTRY IS IN METALWORKING WITH TEXTILES, CHEMICALS, AND CONFECTIONS ACCOUNTING FOR MOST OF THE REST. SMALL BUSINESS PREDOMINATES. THE LARGEST EMPLOYER HAS ONLY 1,600 WORKERS AMONG WHOM ABSENTEEISM RUNS ONLY 6 TO 7 PERCENT, ABOUT HALF THE PREVAILING RATE IN NORTHERN ITALY. CALVINISTIC ATTITUDES TOWARD WORK ARE CAUSING SEVERE FRICTION BETWEEN THE UNION AT THE PARENT PLANT IN LECCO AND ITS BRANCH IN NAPLES WHICH, WITH A QUARTER OF THE WORKFORCE, HAS FOURFOLD LEVEL OF ABSENTEEISM. AS IN THE CASE OF ALFA ROMEO, THE LECCO UNION HAS TOLD ITS NEAPOLITAN BRETHREN TO SHAPE UP OR ELSE.

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3. THE THREE LARGEST EMPLOYERS PRODUCE FABRICATED STEEL. THEIR DEMAND IS CURRENTLY RELATIVELY LOW, BUT FOR THE LARGEST ONE, LONG PRODUCTION LEAD TIME IS ALLOWING PRODUCTION AT 80 PERCENT OF CAPACITY. WHILE PRODUCTION EXPECTED TO DROP IN FIRST QUARTER 1976, COMPANY PLANS TO AVOID SHORT HOURS, LET ALONE LAYOFFS. MEANWHILE, IT IS BUILDING A NEW PLANT WHICH IS ONLY SIGNIFICANT NEW CAPITAL INVESTMENT PROJECT EVIDENT IN LECCO. SECOND LARGEST PRODUCER ADJUSTING TO CURRENT LOWER DEMAND FOR SEMI-FINISHED IRON AND STEEL PRODUCTS BY SHUTTING DOWN OBSOLETE OPERATION AND OPERATING AT 80 PERCENT OF REMAINING CAPACITY. PARTIAL SHUTDOWN WILL RESULT IN SHORT WEEKS FOR 28 PERCENT OF ITS 1,400 WORKERS.

4. IN GREATER LECCO, WHICH IS ROUGHLY THE EASTERN HALF OF COME PROVINCE, THERE ARE 650 INDUSTRIAL FIRMS. ABOUT 15 PERCENT HAVE MADE SLIGHT REDUCTIONS IN THE WORK WEEK. ONLY ONE, A TEXTILE MACHINERY MANUFACTURER, IS GOING OUT OF BUSINESS, REPORTEDLY BECAUSE OF POOR MANAGEMENT.

5. THE BANKING GIANT IS THE BANCA POPOLARE DE LECCO, WITH 50 BRANCHES, INCLUDING TWO IN MILAN, ALL TIED TO ITS LECCO COMPUTER CENTER. LIQUIDITY IS HIGH BECAUSE OF SLACK DEMAND CAUSED, IN ITS VIEW, BY POLITICAL UNCERTAINTY.

6. OFFICIALS OF THE CONSERVATIVE MANUFACTURERS' ASSOCIATION ARE VERY UNHAPPY WITH WHAT THEY CLAIM IS COMMUNIST CONTROL OF MAJOR PRESS, ESPECIALLY "LA STAMPA" OF TURIN AND "CORRIERE DELLA SERA" OF MILAN. THEY HOLD OWNER AGNELLI RESPONSIBLE FOR LA STAMPA LEFTIST POLICY.

7. DC HAS HELD MAYORAL POST SINCE OUSTING SOCIALISTS IN 1948. PRESENT MAYOR RODOLFO TIRINSONI, FORTYISH, IMPRESSIVE AND ENERGETIC, REPORTED COOPERATION WITH SOCIALISTS BOTH VERY GOOD AND VERY IMPORTANT TO DC. COMMUNIST GAINS (FROM 17.5 PERCENT IN 1970 TO 24.2 PERCENT IN JUNE 1975), HE SAID, WERE PROTEST AGAINST ECONOMIC SQUEEZ. CONSEQUENTLY, IF THE ECONOMY PICKED UP, COMMUNISTS SHOULD DROP VOTES IN PARLIAMENTARY ELECTION. PERHAPS BECAUSE OF HIS CONFIDENCE, LECCO DC APPEARS TO HAVE CHANGED NEITHER LEADERS NOR POLICY SINCE JUNE, WHEN IT RECEIVED 41.7 PERCENT OF THE VOTE DOWN ABOUT 3 POINTS FROM 1970. WHILE THE MAYOR SAW THE CHURCH LOSING INFLUENCE AND BELIEVED THAT THE REFERENDUM LIMITED OFFICIAL USE

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ON DIVORCE HAD HURT THE DC, HE REPORTED THE WELCOME RISE OF COMUNIONE E LIBERAZIONE. ITS ABILITY RECENTLY TO MOBILIZE DEMONSTRATORS IN THE STREETS AGAINST THE EXTREME LEFT SHOWED ITS MUSCLE AS A SIGNIFICANT POLITICAL FORCE, IN HIS VIEW.

8. WE CONCLUDE THAT LECCO ECONOMY IN PRETTY FAIR SHAPE BUT THAT LOCAL DC DOES NOT YET SEEM GALVANIZED TO CLAW BACK LOSSES SUFFERED IN JUNE. FINA

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